



NEVADA BUSINESS CONDITIONS

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July 2016

The second estimate for U.S. real gross domestic product (GDP) for the first quarter of 2016 was revised upward from the first estimate of 0.5 to 0.8 percent annualized growth rate. This revision mainly reflects upward adjustments in private inventory investment, residential fixed investment, and exports and a downward adjustment in imports. The stronger dollar, cheaper oil, and a weaker global economy all contributed to a slower U.S. domestic economy in the first quarter. U.S. nonfarm employment slowed dramatically in May, adding only 38,000 jobs. Absent a strike at Verizon, the employment gain would include an additional 35,000 jobs. In addition, revisions to March and April numbers lowered employment by another 59,000 jobs. Thus, the economy averaged 116,000 jobs per month over the first three months of 2016. The unemployment rate dropped significantly to 4.7 percent due to a lower labor participation rate. Retail sales posted a 3.0 percent year-over-year growth, while auto and truck sales increased 3.7 percent from April 2015. Housing starts decreased by 1.7 percent compared to last year, but increased by 6.6 percent since last month. The weak employment report will probably delay the Fed in raising the federal funds rate beyond June. Moreover, the chances of two federal funds rate increases this year and next fell significantly.

The Nevada economy continued to post some positive gains in economic activity. The adjusted statewide employment added only 400 jobs in April, but increased by 32,900 since April 2015. In addition, the seasonally adjusted unemployment rate remained unchanged at 5.8 percent from March to April, but fell by 1.1 percent from its level of 6.9 percent a year ago. Although gaming revenue decreased by 2.4 percent from last year, taxable sales, gasoline sales, and total air passengers all increased by 3.1, 1.4, and 3.2 percent, respectively, from last year. Visitor volume increased marginally by 0.6 percent on a year-over-year basis.

The most recent data on the Clark County economy provides more positive than negative signals about the economy. Although seasonally adjusted employment lost 100 jobs from March to April, it added 23,600 jobs from April 2015. Also, the unemployment rate rose from 5.9 to 6.2 percent from March to April because of an increase in

the civilian labor force. But, on a year-over-year basis, the unemployment rate fell by 0.8 percent. Total McCarran passengers and visitor volume fell from March to April by 4.0 and 4.9 percent, respectively, but rose 3.4 and 0.6 percent, respectively, on a year-over-year basis. Gaming revenue in April fell by 5.5 and 3.9 percent on a month-over-month and year-over-year basis, respectively. But, taxable sales and gasoline sales jumped to higher levels on both a month-over-month and year-over-year basis. Residential housing permits rose by 26.5 and 59.5 percent from last month and last year, respectively. Visitor volume experienced a yearly gain of 0.6 percent but a monthly loss of 4.9 percent.

Washoe County experienced somewhat better economic conditions than Clark County. The Reno-Sparks seasonally adjusted employment gained 1,300 jobs for the month and 9,200 jobs for the year. Moreover, the unemployment rate dropped to 5.4 percent in April from 6.5 percent last year, although it increased by 0.2 percentage points from March. Taxable sales and gaming revenue increased strongly by 9.5 and 3.7 percent on a month-over-month basis and by 5.9 and 15.5 percent on a year-over-year basis, respectively. Visitor volume increased year over-year by 8.0 percent and decreased month over-month by 3.7 percent. Gasoline sales increased month over month by 3.2 percent and decreased year over year by 2.9 percent. Residential housing permits fell significantly by 19.7 and 11.8 percent from last month and last year, respectively.

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The views expressed are those of the authors and do not necessarily represent those of the University of Nevada, Las Vegas or the Nevada System of Higher Education.

Nevada	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2016M04	000s, SA	1283.1	1282.7	1250.2	0.0%	2.6%	Up Over Year Ago
Unemployment Rate*	2016M04	%, SA	5.8	5.8	6.9	0.0%	-1.1%	Down From Year Ago
Taxable Sales	2016M03	\$billion	4.691	4.027	4.549	16.5%	3.1%	Up Strongly
Gaming Revenue	2016M04	\$million	876.07	922.34	897.97	-5.0%	-2.4%	Down From Year Ago
Air Passengers	2016M04	million persons	4.209	4.410	4.079	-4.6%	3.2%	Up Over Year Ago
Gasoline Sales	2016M03	million gallons	99.00	90.95	97.63	8.9%	1.4%	Up Over Year Ago
Clark County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2016M04	000s, SA	934.7	934.8	911.1	0.0%	2.6%	Up Over Year Ago
Unemployment Rate*	2016M04	%, Smoothed SA	6.2	5.9	7.0	0.3%	-0.8%	Recent Increase
Taxable Sales	2016M03	\$billion	3.508	3.005	3.411	16.7%	2.8%	Up Over Year Ago
Gaming Revenue	2016M04	\$million	752.82	796.77	783.28	-5.5%	-3.9%	Down From Year Ago
Residential Permits	2016M04	units permitted	1254	991	786	26.5%	59.5%	Up Over Year Ago
Commercial Permits	2016M04	permits	32	33	29	-3.0%	10.3%	Low and Volatile
Air Passengers	2016M04	million persons	3.912	4.074	3.785	-4.0%	3.4%	Up Over Year Ago
Gasoline Sales	2016M03	million gallons	68.91	63.51	67.82	8.5%	1.6%	Up Over Year Ago
Visitor Volume	2016M04	million persons	3.841	4.040	3.816	-4.9%	0.6%	Up Over Year Ago
Washoe County			Latest	Previous	Year Ago	Recent	Year Ago	
Employment**	2016M04	000s, SA	217.6	216.3	208.4	0.6%	4.4%	Up Over Year Ago
Unemployment Rate*	2016M04	%, Smoothed SA	5.4	5.2	6.5	0.2%	-1.1%	Recent Increase
Taxable Sales	2016M03	\$billion	0.646	0.590	0.610	9.5%	5.9%	Up Strongly
Gaming Revenue	2016M04	\$million	66.25	63.87	57.37	3.7%	15.5%	Up Strongly
Residential Permits	2016M04	units permitted	253	315	287	-19.7%	-11.8%	Strong decrease
Commercial Permits	2016M04	permits	21	30	21	-30.0%	0.0%	Low and Volatile
Air Passengers	2016M04	million persons	0.274	0.312	0.257	-12.3%	6.6%	Up Over Year Ago
Gasoline Sales	2016M03	million gallons	13.81	13.38	14.22	3.2%	-2.9%	Down From Year Ago
Visitor Volume	2016M04	million persons	0.394	0.409	0.364	-3.7%	8.0%	Up Over Year Ago
United States			Latest	Previous	Year Ago	Recent	Year Ago	
Employment	2016M05	million, SA	143,894	143,856	141,496	0.0%	1.7%	Up Over Year Ago
Unemployment Rate*	2016M05	%, SA	4.7	5.0	5.5	-0.3%	-0.8%	Recent decrease
Consumer Price Index	2016M04	82-84=100, SA	238.9	237.9	236.2	0.4%	1.1%	Up Over Year Ago
Core CPI	2016M04	82-84=100, SA	246.6	246.1	241.4	0.2%	2.1%	Up Over Year Ago
Employment Cost Index	2016Q1	05.12=100, SA	125.2	124.3	122.6	0.7%	2.1%	Up Over Year Ago
Productivity Index	2016Q1	2009=100, SA	105.8	106.1	105.1	-0.3%	0.7%	Up Over Year Ago
Retail Sales	2016M04	\$billion, SA	453.4	447.8	440.2	1.3%	3.0%	Up Over Year Ago
Auto and Truck Sales	2016M04	million, SA	17.32	16.46	16.70	5.2%	3.7%	Up Over Year Ago
Housing Starts	2016M04	million, SA	1.172	1.099	1.192	6.6%	-1.7%	Down From Year Ago
Real GDP***	2016Q1	2009\$billion, SA	16505.1	16470.6	16177.3	0.8%	2.0%	Weak Growth
Dollar Exchange Rate	2016M05	97.01=100	120.712	119.528	114.196	1.0%	5.7%	Up Over Year Ago
Trade Balance	2016M04	\$billion, SA	-37.436	-35.536	-40.885	5.3%	-8.4%	Year-Over-Year Deficit Decrease
S and P 500	2016M05	monthly close	2052.32	2,065.30	2107.39	-0.6%	-2.6%	Down From Year Ago
Real Short-term Rate*	2016M04	%, NSA	-2.57	-2.41	-2.58	-0.2%	0.0%	Recent decrease
Treasury Yield Spread*	2016M05	%, NSA	1.53	1.58	2.18	-0.05%	-0.7%	Down From Year Ago

*Growth data represent change in the percentage rate

**Reflects the Reno-Sparks MSA which includes Washoe and Storey Counties

***Recent growth is an annualized rate

Sources: Nevada Department of Taxation; Nevada Department of Employment, Training, and Rehabilitation; UNR Bureau of Business and Economic Research; UNLV Center for Business and Economic Research; McCarran International Airport; Reno/Tahoe International Airport; Las Vegas Convention and Visitors Authority; Reno-Sparks Convention and Visitors Authority; U.S. Department of Commerce; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Federal Reserve System.

Note: NSA = Not Seasonally Adjusted, SA = Seasonally Adjusted

As originally published in "Nevada Business Magazine"